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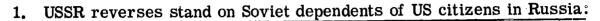
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SOVIET UNION



The Soviet government informed the US embass 3(h)(2) in Moscow on 6 June that it would approve the long-standing application for exit visas for the Soviet wives and children of some US citizens.

Comment: This decision amounts to only a minor concession. The removal of such long-standing irritants constitutes a step toward the

appearance of more normal diplomatic relations.

2. Aviation fuel shortage in Sakhalin-Kuril area:

3.3(h)(2) a shortage of fuel for conven-

tional and jet aircraft existed in the Sakhalin-Kuril area during April and May. Flying activity was greatly restricted during this period, and

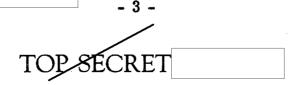
Soviet defensive capabilities were undoubtedly lessened. The situation had apparently eased by 1 June, when a greater number of aircraft were noted active, but transmissions stating the aircraft would be airborne only from 20 to 40 minutes indicated the supply was still limited.

Comment: The aviation fuel shortage in these areas is probably due to limited local transportation facilities, as the capacity of refineries in the Maritime District is believed adequate to meet current requirements.

FAR EAST

3. South Korean government to launch intensive new antiarmistice campaign:

Ambassador Briggs reports that the South Kor^{3.3}(h)(2) government is about to launch a new and more intensive antiarmistice campaign. It will maintain



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that the United States is "responsible" for Korean unification, demand the immediate release of all anti-Communist POW's, and urge the use of force to prevent the entry of neutral supervisory troops.

The ambassador believes that the new drive will be more explosive than previous ones since it will coincide with final armistice negotiations, hamper measures to implement a truce and generate open UN-South Korean conflicts, especially if Rhee attempts to effect immediate prisoner releases. He notes that a few Communist agitators might convert orderly demonstrators into an unruly, destructive mob. The campaign might also lead some South Korean army generals, convinced that present policies are leading toward national disaster, to overthrow the Rhee government.

Comment: This new campaign could prevent the establishment of the proposed neutral supervisory commission. Both India and Switzerland have indicated that they will not serve unless the South Korean government agrees to the armistice.

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SOUTHEAST ASIA

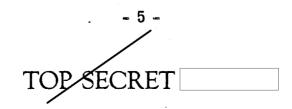
Chinese Nationalist troops in Burma who are 3.3(h)(2)
natives of the neighboring province of Yunnan are opposed to being evacuated to Formosa
and are determined not to surrender their arms,
These troops are reported to be organ-
izing into separate bands and to have been responsible for a significant
resurgence of banditry. They are expected to become even more trouble- some if direction and support from Taipei are terminated.
Comment: Although no accurate statistics
are available, the great majority of Nationalist troops in Burma are
believed to be Yunnanese. Withdrawal of non-Yunnanese troops, however,
and elimination of Taipei's direction and support would permit Burmese forces ultimately to overcome those remaining.

NEAR EAST - AFRICA

None of the participants in the commonwealth 3.3(h)(2) prime ministers' discussion of the Egyptian situation urged Britain to make further concessions in order to facilitate an agreement with Egypt. All generally supported the British position, according to a British Foreign Office official who saw the record of the meeting.

This official told the American embassy in London that there is no basis for the Egyptian press statements that the Asian prime ministers were sympathetic to Cairo's demands for unconditional evacuation of British troops.

The Foreign Office is hopeful that Nehru and Mohammed Ali will urge on Nagib the necessity for continued restraint and for reaching a practical solution by negotiation.



Comment: If this report is accurate it is unlikely that Churchill will agree to any significant modification of the British position.

7.	Egypt considers financial aid to Libya: 3.3(h)(2)
	Egypt is considering financial aid to Libya. The state is at present dependent on Britain, which under terms of a temporary agreement covers the annual deficit amounting to more than \$3,000,000 for 1952-53.
	Substantial aid from Cairo would considerably increase Egyptian influence at the expense of the West and would further orient Libya toward the Arab Middle East, a trend which started when it joined the Arab League last March.
	WESTERN EUROPE
8.	East Germans reverse decision on physical-military training for
	party members:
	Abandonment by the Socialist Unity Party of previously announced plans for physical-military training of party members and candidates in the 18-30 year age group is attributed by American observers in Berlin both to Soviet objections and to technical difficulties.
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While cost of the program, lack of party enthusiasm, and the general sports program may have influenced the decision, these observers believe that the suddenness of the reversal points to Soviet objections to a plan in conflict with the "peace offensive."

Comment: Previous instances of Soviet restraint in East German military matters have appeared directed more at curbing ostentation than at curtailing the program as a whole. No signs have been noted of restraint on such programs as the current harassment of the churches.

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